

# FISCAL NOTE

## HB 1097

February 14, 2007

**SUMMARY OF BILL:** Redefines “farm equipment and machinery” for the purpose of making flat bed trailers, which are used for over-the-road transportation in the nursery business or the cattle business, exempt from sales and use tax.

### ESTIMATED FISCAL IMPACT:

**Decrease State Revenues - \$110,000**

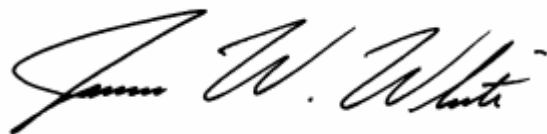
**Decrease Local Govt. Revenues - \$35,000**

Assumptions:

- In March 2005, the Department of Agriculture estimated approximately 50,000 cattle farms and 352 nurseries in the state.
- 1% purchase flat-bed trailers each year.
- Average price of a flat-bed trailer is \$3,100.
- Tax base would be approximately \$1,562,400 per year (504 businesses X \$3,100 price = \$1,562,400).
- 7% state sales tax rate.
- 2.25% local option sales tax rate.
- Decrease in state revenues would be approximately \$110,000 (\$1,562,400 tax base X 7% state rate = \$109,368).
- Decrease in local government revenue would be approximately \$35,000 (\$1,562,400 tax base X 2.25% local option rate = \$35,154).

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director